

## FORECASTS COMPARISON

Idaho has a dynamic economy whose growth is influenced by a myriad of local, national, and international factors. Therefore, changes to the projected values of such diverse variables as oil prices, interest rates, and national housing starts can have an effect at the state level. In order to account for the effects of such changes on the state's economy, each issue of the *Idaho Economic Forecast* uses Global Insight's most recent forecast of the U.S. economy. Additional data, such as company-specific expansions and/or contractions are also considered.

The following comparison table shows how the outlooks for several key Idaho and national economic series have changed from the October 2006 to the January 2007 *Idaho Economic Forecast*. The October 2006 *Idaho Forecast* is based on Global Insight's October 2006 baseline forecast and the January 2007 *Idaho Forecast* is driven by Global Insight's December 2006 baseline U.S. macroeconomic forecast.

A comparison of several key variables shows how the outlooks for the national and state economies have changed compared to the October 2006 *Idaho Economic Forecast*. The national variables are discussed first. This review shows the national economic outlook has been downgraded slightly compared to the previous forecast. For example, nominal output is down about one-half percentage point in each year. After adjusting for inflation, output is about two-tenths of a percentage point lower than its July counterpart. Likewise, U.S. personal income is also lower in the current forecast, with both nominal and real personal income off more than a percentage point. Consistent with the output and income forecasts, the forecast for U.S. nonfarm employment has also been lowered since October 2006. Given the weaker economic outlook, it is no surprise inflation is down from the previous forecast.

Idaho nonfarm employment is forecast to grow slightly slower compared to the previous forecast. As a result, total employment is about 3,700 jobs lower (0.5%) in 2009 than in the October 2006 forecast. This change reflects lower growth in both the goods- and nongoods-producing employment categories. The former category is an interesting case. The state's goods-producing sector actually has 1,116 more jobs in 2006 than it did in the previous forecast. Although its starting point is higher, it declines by an anticipated average of 0.9% per year from 2006 to 2009, which is steeper than was previously forecast. As a result, the goods-producing sector goes from having about 1,100 more jobs in 2006 to about 200 more jobs in 2009. The nongoods-producing sector grows slower than its October 2006 counterpart, so that by 2009 there are about 3,900 fewer jobs in this category compared to the October 2006 estimate. Idaho personal income shares a similar pattern as nonfarm employment. Specifically, nominal personal income is significantly higher in 2007 than in the previous forecast, but this advantage disappears over time, and personal income is actually slightly lower in 2009.

**IDAHO ECONOMIC FORECAST  
FORECASTS COMPARISON  
DIFFERENCES BETWEEN  
JANUARY 2007 AND OCTOBER 2006 FORECASTS**

	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>GDP (BILLIONS)</b>									
Current \$	0	0	0	0	0	-5	-62	-90	-81
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.4%	-0.6%	-0.5%
2000 Chain-Weighted	0	0	0	0	0	-2	-22	-38	-27
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.3%	-0.2%
<b>PERSONAL INCOME - CURR \$</b>									
Idaho (Millions)	0	0	0	0	0	198	366	163	-83
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	0.8%	0.3%	-0.2%
U.S. (Billions)	0	0	0	0	0	-69	-116	-157	-159
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.6%	-1.0%	-1.3%	-1.2%
<b>PERSONAL INCOME - 2000 \$</b>									
Idaho (Millions)	0	0	0	0	0	163	351	171	-73
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.9%	0.4%	-0.2%
U.S. (Billions)	0	0	0	0	0	-62	-90	-123	-133
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.6%	-0.9%	-1.2%	-1.2%
<b>TOTAL NONFARM EMPLOYMENT</b>									
Idaho	1	4	3	0	-6	192	-19	-1,394	-3,669
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.5%
U.S. (Thousands)	0	0	0	0	0	40	-114	-341	-385
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.2%	-0.3%
<b>GOODS PRODUCING SECTOR</b>									
Idaho	-1	0	0	0	0	1,116	760	468	188
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.9%	0.6%	0.4%	0.2%
U.S. (Thousands)	0	0	0	0	0	-14	-179	-180	-162
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.8%	-0.8%	-0.7%
<b>NONGOODS PRODUCING SECTOR</b>									
Idaho	2	4	3	0	-5	-924	-779	-1,862	-3,858
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	-0.2%	-0.1%	-0.3%	-0.7%
U.S. (Thousands)	0	0	0	0	0	54	65	-161	-223
% Difference	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	-0.1%	-0.2%
<b>FINANCIAL MARKETS</b>									
Federal Funds Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bank Prime Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Mort Rate, Existing Homes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	-0.1%	0.0%
<b>INFLATION</b>									
GDP Price Deflator	0.000	0.000	0.000	0.000	0.000	-0.020	-0.305	-0.364	-0.378
Personal Cons Deflator	0.000	0.000	0.000	0.000	0.000	0.025	-0.107	-0.098	0.013
Consumer Price Index	0.000	0.000	0.000	0.000	0.000	-0.001	-0.010	-0.011	-0.010

Forecast Begins the **THIRD** Quarter of 2006